

The Petro-Canada Experience A Case Study

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Agenda

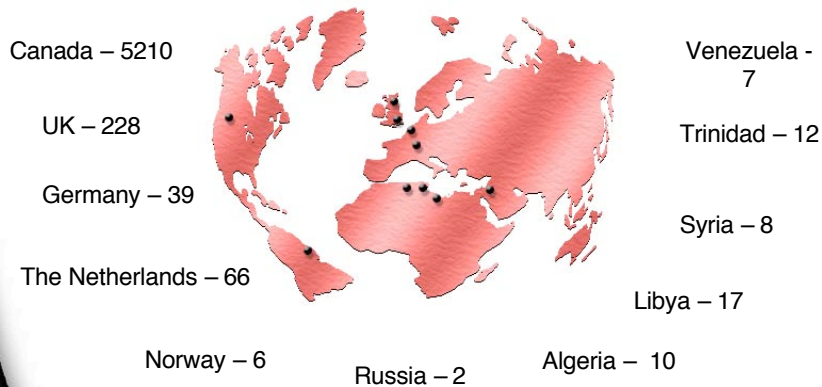


- Petro-Canada at a Glance
- Petro-Canada Objectives
- Setting up initial Project Team
- What happens next?
- Implementation Process
- Branded Website Development
- The Plans – UK Share Incentive Plan
- The Plans – Share Purchase Plan
- Plan Launch – Communication
- How successful were we?
- Lessons Learned
- Thoughts for the future

Petro-Canada at a Glance



- 1975 – Formed as Canadian government-owned oil company
- 1991 – Initial public offering of shares
- 2002 – Acquisition of Veba Oil & Gas – International Operations



Petro-Canada Objectives



- Align the interests of employees, shareholders & Petro-Canada
- Increase the feeling of belonging to Petro-Canada
 - Engage with business strategy
 - Encourage employee share ownership
- Remain competitive in the UK Oil Industry
- Respond to employee expectation/demand

Setting up initial Project Team



- Petro-Canada Project Stakeholders *Project Owner in Calgary, Canada*
 - *UK:*
 - *Human Resources*
 - *Calgary:*
 - *Payroll – system set-up*
 - *Benefits Specialist – policy design*
 - *Benefits Communications – implementation*
 - *Benefits Accounting – contribution processes*
 - *HR Information Services – HR IT*
- Appointment of professional advisors



What happens next?



- Discuss proposed terms of plan and effective ways to implement in each jurisdiction
- Review market competitiveness of the plans
- For UK, prepare Share Incentive Plan (“SIP”)
 - HMRC Approval Process
- Design UK Share Purchase Plan (“SPP”)
- Consideration of EU Prospectus Directive
- Complete RFP for Trustee and Administrator



Implementation Process



- Appointment of plan administrator / trustee
- Review of plan rules by Capita
- Full Project Team meeting
- Agree roles and responsibilities
- Project timetable
- Proofing of all communication materials
- Document all administration procedures
- Regular conference calls with all team members



Branded Website Development



PETRO-CANADA

Welcome John Smith

Employee Services
Logout

Online Services
Register details
Change my address
Manage bank mandate
Manage email & e-comms
Change my password
Share dealing services
Applications

Your Address :
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Dividend Mandate :
Sort Code : 20 40 60
Account No : 12345678
Bank : BARCLAYS

Your E-mail Address:
jsmith@petro-canada.com

Your Mobile Number:

Your Telephone Number :

Roll Number :

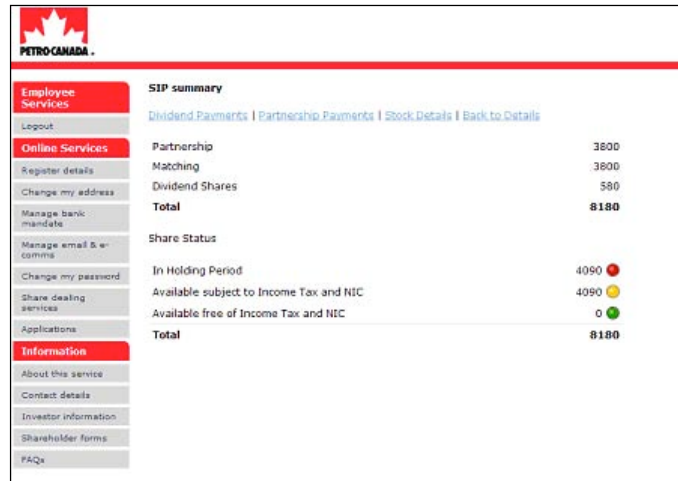
You have holdings in the following stock(s)
Click on a stock description for details of individual stocks and dividend payments

Stock	Holding	Price	Indicative Valuation
Share Purchase Plan	1400	\$40.11	£561.54
SIP	8010	\$40.11	£3,212.81
Your Total Investment	9410		£3,774.35

Information
About this service
Contact details
Investor information
Shareholder forms
FAQs



Branded Website Development



The screenshot shows a web interface for Petro-Canada's Share Incentive Plan (SIP). It features a navigation menu on the left with categories like Employee Services, Online Services, and Information. The main content area displays an 'SIP summary' table with columns for service types and their corresponding values. A total value of 8180 is shown at the bottom of the table.

SIP summary	
Dividend Payments Partnership Payments Stock Details Back to Details	
Partnership	3800
Matching	3800
Dividend Shares	580
Total	8180
Share Status	
In Holding Period	4090 ●
Available subject to Income Tax and NIC	4090 ●
Available free of Income Tax and NIC	0 ●
Total	8180

The Plans – UK Share Incentive Plan



- UK approved SIP established by Petro-Canada UK Ltd
- Petro-Canada shares listed on the NYSE
- Fractional Shares
- Partnership Shares
 - Up to £1500 per tax year
 - Top-ups allowed in March each year



UK Share Incentive Plan



- Matching Shares
 - One for one
 - 3-year holding period
 - Forfeiture during first 12 months
- Dividend Shares
 - Compulsory reinvestment

“Wow- buy one get one free! “



The Plans – Share Purchase Plan



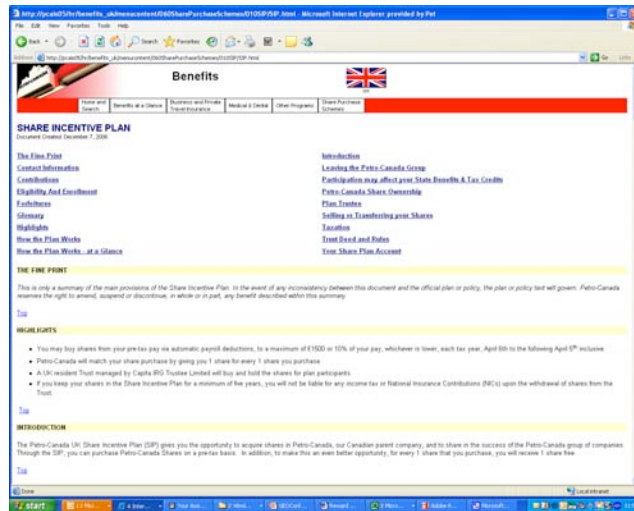
- SPP adopted to facilitate acquisition of Petro-Canada shares by employees
- Review of terms to offer SPP in the UK
- Proposal to extend to The Netherlands and other Petro-Canada locations
- Cost effective and administratively effective way to purchase Petro-Canada shares
- Contribute 1% – 5% of basic pay
- Re-investment of dividends



Plan Launch – Petro-Canada Intranet



- Initial email briefing
- Follow-up email with link to Benefits Intranet



Plan Launch – Communication



- Employee presentations in London & Aberdeen
 - Petro-Canada, Capita and Mercer
 - Handed out application forms and US tax forms
- Employee grapevine
- Message reinforced by Executive Vice-President at town hall meetings
- Every opportunity taken to promote internally
 - Benefit Overview sessions
- Capita helpline

How successful were we?



- SIP
 - 66% take up in January (Month 1)
 - 74% by tax year-end (Month 3)
 - All new joiners offered participation
- SPP
 - Low take-up as expected
 - Launched in UK
 - Other Petro-Canada locations



What our employees said



"Introduction of the SIP brings Petro-Canada into line with other oil companies"



"You'd be silly not to sign up, with 1 for 1 matching!"



"Petro-Canada's benefits programme is more generous than other companies I have worked for"



Lessons Learned



- Impact of time differences
- Market values to be aligned
- Brokerage fees negotiation
 - Integration of plans
- Ownership of all communication materials
- Communications meeting plan goals
 - Tailored for cultural differences
- Review global security requirements



Thoughts for the future



- Promotion to new and existing employees
- Regular review meetings
 - Capita and Petro-Canada
- Top-up offered in March each year
- Monitor plan take-up
- Ensure competitiveness maintained against other UK oil companies
- The Netherlands and other Petro-Canada locations



Questions?



Thank you
for your participation

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